Statement-II

Status of accounts for Market Intervention Scheme implemented in Southern States

Sl. No.	Year	State	Commodity	Status of accounts
1.	1996-1997	Andhra Pradesh	Red chillies	Accounts not submitted by State Government
2.	2002-2003	Karnataka	Arecanut	-Do-
3.	2003-2004	Andhra Pradesh	Red chillies	-Do-

MRP of drugs

1051. SHRI K.B. KRISHNAMURTHY: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it has come to the notice of Government that in Karnataka, customers are being exploited in the name of local taxes and that the maximum retail price (MRP) of drugs was exclusive of taxes; and

(b) if so, whether Government would consider restructuring of MRP to include all taxes on medicines in Karnataka?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) and (b) Under the provisions of the Durgs (Prices Control) Order, 1995 (DPCO 95), prices of both Scheduled and non-Scheduled formulations are printed as "retail price not to exceed ....local taxes extra". Representations have been received from time to time that the provisions of the DPCO 95 should be amended for printing the retail prices of all medicines inclusive of all taxes. Various options are being considered for solving the problem, however, due to difference in types and rates of local taxes of states/local authorities, no proper solution has been found so far.

Imported Formulations

1052. SHRI UDAY PRATAP SINGH: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that there is a price control on imported formulations;

(b) if so, Government's policy in this regard and the products which have been granted price approval of import of formulations;

(c) whether it is also a fact that Ely Lilly, Nicholas, Sun have flouted the DPCO fully in case of finished formulations prices; and

(d) if so, the details thereof?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) and (b) Prices of Scheduled imported formulations are fixed as per para 7 of the Drugs (Prices Control) Order, 1995, by the National Pharmaceutical Pricing Authority (NPPA). Para 7 provides that the landed cost shall form the basis for fixing its price alongwith such margin to cover selling and distribution expenses including interest and importer's profit which shall not exceed fifty percent of the landed cost. Importers of non-Scheduled formulations fix their price on their own as per cost of import and prevailing market competition etc. NPPA regularly examines the movement in prices of non-Scheduled formulations (including imported formulations) on the basis of information available to it from various sources.

(c) and (d) No case of flouting Drugs (Prices Control) Order, 1995 provisions/price violation in case of finished formulation prices has come to the notice of NPPA in respect of M/s. Ely Lilly, M/s. Nicholas and M/s. Sun.

Effect of Trips on Prices of Drugs

1053. SHRI K. RAMA MOHANA RAO: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that according to a study of the US-based National Bureau of Economic Research, the TRIPS will have detrimental effect on India and prices of drugs, including those of off-Patent will see a significant hike;

(b) if so, the reaction of Government to this study; and

(c) how Government propose to protect the consumers from the enormous rise in prices of drugs from 2005?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) to (c) Legal provisions to fulfil the commitments